

## THE NATION

CPYRGHT

## More for Aid

During the first three months of 1953, the new Eisenhower Administration carefully combed for cuts the '54 fiscal budget inherited from Mr. Truman. In a revised budget President Eisenhower trimmed Mr. Truman's requests for new funds by \$9.3 billion. One of the places President Eisenhower cut deepest was in foreign aid.

This cut was explained by the Administration on two principal grounds. First, the New Look defense strategy with its reliance on air-atomic power and atomic ground weapons would reduce the need for military aid expenditures for conventional weapons and also the need of concentrating defenses at so many points. The Administration, in short, was to get away from the Truman-Acheson "containment" policy, which Secretary Dulles held to be defensive and needlessly expensive.

Second, the Administration argued that foreign aid appropriations could be reduced because of the many billions in unexpended funds—money that had been appropriated in former years but which had not been used, and would not be used until contracts had been completed, some of them two or three years later. There was enough money in these unexpended funds to keep the pipeline filled, the Administration argued. Therefore the Administration cut Mr. Truman's foreign aid request from \$7.6 billion to \$5.1. This was a figure, Mr. Dulles said, which would maintain a balance between "our economic health and our military effort."

## Congress Approves

This was an argument that Congress listened to with approval—it had always looked with a jaundiced eye on the large "carry-over" funds. And as so often when the Executive proposes a cut—and especially on foreign aid—Congress improved the Administration's example with a further cut. Moreover, leaders of both parties gave sharp notice that they wanted an end before long to foreign aid altogether. In passing the bill, Congress declared that economic aid must be wound up by fiscal '56 and military aid by fiscal '57.

In the next two years, as the Administration, relying on unexpended funds, continued to trim its foreign aid requests, Congress proceeded to cut them deeper. The following table shows what Congress

was asked to appropriate in the past four budgets and what it finally did appropriate (figures in billions):

Fiscal Year	President Asked	Congress Voted
1953	\$7.9	\$6
1954 (Truman)	\$7.6	—
1954 (Eisenhower)	\$5.1	\$4.5
1955	\$3.5	\$2.8
1956	\$3.2	\$2.7

However, while appropriations steadily declined, expenditures remained fairly constant, as the Administration used the "carry-over" funds from earlier appropriations to pay for contracts as they were completed. The following table compares the appropriations with expenditures in both military and economic aid over the same four years (1956 spending figures are estimates):

Fiscal Year	Appropriations			Expenditures		
	Mili-	Eco-	Total	Mili-	Eco-	Total
'53	\$4.2	\$1.8	\$6.0	\$3.9	\$1.8	\$5.7
'54	\$3.2	\$1.3	\$4.5	\$3.6	\$1.2	\$4.8
'55	\$1.2	\$1.6	\$2.8	\$2.3	\$2.0	\$4.3
'56	\$1.0	\$1.7	\$2.7	\$2.5	\$1.7	\$4.2

This background is necessary to understand the conflicting statements by Administration spokesmen over the past three weeks and the resulting confusion of Congressional leaders, the press and public.

Within the Administration there have been three schools of thought—each trying to sway the President—on foreign aid. One school has strongly urged that appropriations be held down to last year's level—which would mean that, as carryover funds were used up, expenditures would taper off. This school has been headed by Secretary of the Treasury Humphrey, Budget Director Hughes, Under Secretary of State Hoover and Administrator of International Cooperation (foreign aid) Hollister.

## 'Young Turks' for Aid

A second school—"The Young Turks"—has been pressing hard for a large increase in economic aid to counteract Russia's diplomatic, psychological and economic offensive in the Middle East, India, Afghanistan and Southeast Asia. This school has been headed by Vice President Nixon, Presidential Assistants Nelson Rockefeller and Harold Stassen.

The third school believes that the Soviet Union has never been able to subvert a nation by economic means, that it is restrained only by force, and that consequently the toughening attitude of "Moscow" should be countered with an increase in military aid. The leader of this school, it is believed, has been Allen Dulles, head of the Central Intelligence Agency.

Three weeks ago these three schools brought their case to the President for a showdown decision in two meetings at Camp David that lasted several hours. (It was this meeting which is believed to have been responsible for the President's fatigue.) The word given

out after these meetings was that the Administration did not plan to request much more than the \$2.7 billion appropriated this year, though it might ask for more flexibility in the handling of funds to meet contingencies.

This report seemed to be borne out two weeks ago when, after the Dec. 13 (Tuesday) meeting of the President and his aides with leaders of both parties, reliable sources said the request would be in the neighborhood of \$2.7 billion.

## Confusion Over Figures

Then a week ago yesterday, highly placed officials told reporters that the Administration would ask for \$4.9 billion—an increase of \$2.2 billion over this year's appropriation. Moreover, most of the increase would be for a triple jump in military aid—\$3 billion by contrast with this year's \$1 billion. Economic aid would be raised only \$200 million—from \$1.7 to \$1.9 billion. Immediately there was an outraged howl from Congressional leaders of both parties.

At the beginning of last week the Administration issued an "explanation" to reporters. Congressional leaders, it was said, had misunderstood the Administration's intentions—it was all a misunderstanding between "appropriations requests" and "expenditures." What the leaders had been told, it was said, was that while spending would remain nearly the same as this year—\$4.4 as compared to \$4.2 billions—appropriations would have to be stepped up. This would be necessary because the carry-over funds from other years, which stood at \$3.9 billion at the outset of this fiscal year, would be down to \$2.7 billion at the end. Therefore there was danger of the pipeline running dry. Because considerable "lead time" is necessary on contracts for complicated modern weapons, the Administration would need the increased appropriations in order to make contracts for delivery in future years—in short it needed to replenish its fast-dwindling carry-over funds in order to insure that the foreign aid program would continue without let-up.

## Explanation Unsatisfactory

This explanation did not wash with the veterans of the money committees who did not need to be told the difference between appropriations and expenditures.

What seems to have happened is that there had been no final decision by the President at the Camp David meeting, and if it had been made by the time of the Congressional briefing, it had not been passed on to the briefing officials. In any event, Congress did not get a clear picture. Last Tuesday Secretary Dulles at his press conference conceded that there had been a "genuine misunderstanding."

The essential meaning of the whole controversy, it is agreed, is that the Administration has made

a significant change in its policy. It no longer believes, as it formerly represented to Congress, that foreign aid might be reduced to a trickle once our allies were armed with weapons on order. Now, as Mr. Dulles said, "both the economic and the military aid will need to go on for a considerable period of time at about the present level."

This decision obviously did not set well with Congress. Senator George, who has been the Administration's chief collaborator on foreign policy, made known immediately his opposition to the increased appropriation. With so formidable a force ranged against it, the Administration was on notice that it would have a real battle to make its decision stick.

It also is obvious that the Administration may have greater difficulty in balancing the budget. In addition to the increased spending of \$200 million for foreign aid, the Administration plans to spend \$1 billion more for the Defense Department.